

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL MEMORANDUM**

**HB 2038 – SB 2112**

May 8, 2009

**SUMMARY OF AMENDMENT (007638):** Deletes the language of the original bill; creates a special apportionment of state sales tax revenue to certain local government jurisdictions that own a hotel or inn that is more than 150 years old, and the hotel or inn is operated by a 501(c)(3) non-profit organization; requires the apportionment to be equal to the amount of state sales tax revenue derived from the sale of goods and services on the premises of the hotel or inn, except for portions earmarked for educational purposes.

**FISCAL IMPACT OF ORIGINAL BILL:**

Decrease State Revenue – Exceeds \$100,000

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Decrease State Revenue – Exceeds \$134,000**

**Increase Local Revenue – Exceeds \$134,000**

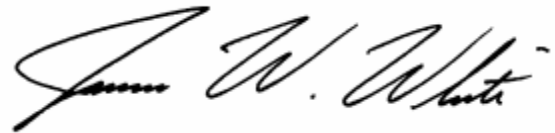
Assumptions applied to amendment:

- According to the Department of Revenue, there are approximately 1,200 hotels operating in Tennessee. These 1,200 hotels generated approximately \$160,900,000 of state sales tax revenue in FY07-08.
- The number of Tennessee hotels and applicable sales tax revenue remains constant in subsequent fiscal years.
- The average hotel generates approximately \$134,100 of state sales tax revenue each year ( $\$160,900,000 / 1,200 \text{ hotels} = \$134,083$ ).
- This bill as amended could apply to multiple hotels if the specified qualifying criteria are met. It is assumed that at least one hotel will meet the qualifying criteria to receive the special apportionment of state sales tax revenue.

- Any qualifying hotel is considered at least average as it relates to state sales tax revenue generated.
- The decrease to state revenue is estimated to exceed \$134,000 per year.
- The increase to local government revenue is estimated to exceed \$134,000 per year.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director

/rnc